

Senate Study Bill 1187

SENATE JOINT RESOLUTION _____
BY (PROPOSED COMMITTEE ON WAYS AND
MEANS RESOLUTION BY CHAIRPERSON
McKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa requiring a state referendum before certain
3 taxation or fee increases take effect.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2535XC 80
6 sc/pj/5

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1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new section to new Article XIII:
1 5 ARTICLE XIII
1 6 REFERENDUM ON TAXATION OR FEE LAW CHANGES.
1 7 REFERENDUM ON TAXATION OR FEE INCREASES. SECTION 1.
1 8 1. The General Assembly shall not increase taxes or fees
1 9 if the increases in total produce new annual revenues greater
1 10 than one percent of total state general fund revenues received
1 11 in the fiscal year ending prior to enactment of such
1 12 increases, unless approved by the electors. In the event that
1 13 an individual or series of taxation or fee increases exceed
1 14 the one percent revenue increase limitation established in
1 15 this subsection, the taxes or fees shall be submitted by the
1 16 General Assembly to the electors for approval starting with
1 17 the largest increase in the given year, and including all
1 18 increases in descending order, until the aggregate of the
1 19 remaining increases and reductions are less than the one
1 20 percent revenue increase limitation.
1 21 2. The term "new annual revenues" means the estimated net
1 22 increase in annual state general fund revenues produced by the
1 23 total of all taxation or fee increases enacted by the General
1 24 Assembly for the first fiscal year in which such increases are
1 25 fully effective, less the estimated refunds to be paid during
1 26 that same fiscal year as a result of the taxation or fee
1 27 increases and less all contemporaneously occurring taxation or
1 28 fee reductions in that same fiscal year, and shall not include
1 29 interest earnings on the proceeds of the taxation or fee
1 30 increase. For purposes of this calculation, "enacted by the
1 31 General Assembly" shall include any and all bills that are
1 32 passed in a fiscal year, except bills vetoed and portions of
1 33 appropriation bills item vetoed by the Governor and not
1 34 overridden by the General Assembly. Each individual taxation
1 35 or fee increase shall be measured by the estimated new annual
2 1 revenues to be collected during the first fiscal year in which
2 2 the taxation or fee increase is fully effective. The terms
2 3 "increase taxes or fees" and "taxation or fee increases" mean
2 4 any law or laws passed by the General Assembly after January
2 5 1, 2007, that increase the rate of an existing tax or fee,
2 6 impose a new tax or fee, or broaden the scope of a tax or fee
2 7 to include an additional class of property, activity, or
2 8 income, but shall not include the extension of an existing tax
2 9 or fee which was set to expire or be reduced in rate.
2 10 3. Compliance with the one percent revenue increase
2 11 limitation shall be measured by calculating the aggregate
2 12 actual new annual revenues produced in the first fiscal year
2 13 in which each individual taxation or fee change is fully
2 14 effective.
2 15 ENFORCEMENT OF REFERENDUM REQUIREMENT. SEC. 2. Any
2 16 taxpayer or statewide elected official may, within one year of
2 17 enactment of a bill containing taxation or fee increases,
2 18 bring suit to enforce compliance with the provisions of
2 19 section 1 of this article. Failure to file such a lawsuit
2 20 within the one-year time period shall negate the elector
2 21 approval requirement as the requirement applies to the bill.

2 22 The Supreme Court shall have original jurisdiction to hear any
2 23 challenge brought by any taxpayer or statewide elected
2 24 official to enforce this section. In such enforcement
2 25 actions, the court shall invalidate the taxes and fees which
2 26 should have received approval by the electors as provided in
2 27 section 1, subsection 1, of this article. The court shall
2 28 order remedies of the amount of revenue collected in excess of
2 29 the revenue limitations as the court finds appropriate in
2 30 order to allow such amounts to be refunded or to reduce taxes
2 31 or fees in the future to offset the excess monies collected.

2 32 If the suit is sustained, the taxpayer or official bringing
2 33 suit shall receive from the state the costs of bringing suit,
2 34 including attorney fees.

2 35 EXCEEDING REVENUE INCREASE LIMITATION. SEC. 3. The one
3 1 percent revenue increase limitation of section 1 of this
3 2 article may be exceeded only if all of the following
3 3 conditions are met: (1) the Governor requests the General
3 4 Assembly to declare an emergency; (2) the request is specific
3 5 as to the nature of the emergency, the expenditure amount
3 6 needed to respond to the emergency, and the method by which
3 7 the emergency expenditures will be funded; and (3) the General
3 8 Assembly thereafter declares an emergency in accordance with
3 9 the specifics of the Governor's request by a two-thirds vote
3 10 of the members elected to and serving in each house. The
3 11 emergency must be declared in accordance with this section
3 12 prior to obligating any of the emergency expenditures
3 13 requested. The one percent revenue increase limitation may be
3 14 exceeded only during the fiscal year for which the emergency
3 15 is declared. In no event shall any part of the amount
3 16 representing a refund under section 1 of this article be the
3 17 subject of an emergency request.

3 18 IMPLEMENTATION. SEC. 4. The General Assembly shall enact
3 19 laws to implement sections 1 through 3 of this Article.

3 20 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
3 21 amendment to the Constitution of the State of Iowa is referred
3 22 to the General Assembly to be chosen at the next general
3 23 election for members of the General Assembly and the Secretary
3 24 of State is directed to cause it to be published for three
3 25 consecutive months previous to the date of that election as
3 26 provided by law.

3 27 EXPLANATION

3 28 This joint resolution proposes an amendment creating a new
3 29 Article XIII to the Constitution of the State of Iowa which
3 30 relates to increases in taxes and fees by the general
3 31 assembly.

3 32 The amendment requires that a law increasing a tax or fee
3 33 that would result in new annual revenues of more than 1
3 34 percent of total state general fund revenues received in the
3 35 fiscal year preceding enactment of the law must receive voter
4 1 approval at an election. The amendment defines "new annual
4 2 revenues".

4 3 The amendment allows the general assembly at the governor's
4 4 request to exceed the 1 percent revenue limitation on
4 5 increases in taxes or fees in emergency situations as
4 6 prescribed by the amendment.

4 7 The amendment provides that any taxpayer or statewide
4 8 elected official may bring suit to enforce compliance with the
4 9 referendum requirement within one year of enactment of a tax
4 10 or fee increase. The amendment also provides that the general
4 11 assembly shall enact laws to implement the amendment.

4 12 The resolution, if adopted, will be referred to the next
4 13 general assembly. If the next general assembly adopts the
4 14 resolution, the amendment will be submitted to the voters for
4 15 their decision on ratification of the constitutional
4 16 amendment.

4 17 LSB 2535XC 80

4 18 sc/pj/5